E-Service Quality and Trust on Customer’s Patronage Intention:
Moderation Effect of Adoption of Advanced Technologies:

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ABSTRACT

The extensive development of electronic gadgets along with technology-oriented communication tools has created a significant impact on the realm of online retail banking transactions. In Bangladesh, online retail banking can strengthen the financial frameworks by establishing associations between both financial institutions and customers. The evaluation of e-service quality, trust, and customer’s adoption of advanced technology are still unexplored within the retail banking context. Thus, this research paper fills a specific research gap via empirically testing the role of trust in between the relationship of e-service quality and customers’ patronage intentions in the context of online retail banking. Moreover, the research also examines the moderation role of adoption of advanced technology in between the relationship among trust and customers’ patronage intentions. Structural equation modelling (SEM) was applied to analyze the proposed hypotheses. The results confirmed that customer’s trust plays a significant role in mediating the relationship between e-service quality and customers’ patronage intentions. Adoption of advanced technology has also proved as significant moderator in explaining trust and customer’s patronage intention in online retail banking setting.

KEYWORDS
Bangladesh, Customers’ Patronage Intention, E-service Quality, Online Retail Banking, Technology Adoption, Trust

INTRODUCTION

The evolution of information and communication technologies (ICT) has become a fundamental part of the development in the financial sectors, creating ample opportunity for retail banks to further improve e-service quality towards both existing and future customers. As a result, several banking institutions have implemented various information technology (IT) enabled projects to develop financial modernizations (Jun & Cai, 2001; Oruç & Tatar, 2017; Chernikova et al., 2015; Reydet and Carsana, 2017) in their respective institutions; i.e. online retail banking. There are several advantages of using online retail banking; i.e. customers get the advantage of the convenience, availability, and
the speed from the online banking services. Consequently, banks also gain the advantage by managing operating cost in low by offering the service through various online applications (Xue et al., 2011, Adapa & Roy, 2017).

As pointed out by authors Jabnoun and Al-Tamimi (2003), superior transaction efficiency is achieved by reducing physical facilities and reducing the number of employee (in support of online service delivery), however, it may create a lack of interaction between provider and customers; thus adversely influencing customer’s perception. To reduce additional fees or the tension felt by customers while dealing with human interaction, banks nowadays offer online services. This endeavour relieves customer’s concerns by providing various online services which are efficient in generating ongoing loyalty and customer’s patronage intention of target customers (Adapa & Roy, 2017). Researchers agree that due to the rise and success of online retail banking investigation should not only be concentrated on stakeholders but to customers and the policymakers alike (Dada, 2017; Al-dweeri et al., 2017; Yap et al., Pikkarainen et al., 2004; Sathye, 1999, Devlin, 1995).

The utilization and adoption of online retail banking have also been the focus of current researches. Research on internet banking and causal connections of different variables towards the patronage intention are being investigated and suggested in various experimental models based literature (Reydet&Carsana, 2016; Lee, 2009; Martins et al., 2014; Liébana-Cabanillas, 2016). Despite the importance of technology adoption in retail banking services, there are gaps in literature on the systematic approach of adoption of advanced technology of a least developing country such as Bangladesh has not been investigated (Siddiqi, 2011; Muyeed, 2012).

The limited literature may be due to the competitive nature of the banking industry services in Bangladesh itself. The report of International Finance Corporation - IFC (2009) revealed that the segment entails of four state-owned banks, five government regulated specialized banks, thirty domestic private commercial Banks, nine foreign-commercial banks, and twenty-nine non-bank financial institutions (NBFI). Furthermore, among the 48 banks operated in 2006, a total 6,562 branches are operating in the country (Bangladesh Bank, 2006). In fact, one of the most prominent sectors in Bangladesh is reported to be the retail banking industry (Siddiqi, 2011). Therefore, exploration of the inter-relationships among the constructs such as e-service quality, customer’s trust, adoption of new technology and customer’s patronage intention may help to improve the sector. For example, research on the above constructs may help managers to improve upon existing services and gain a distinct advantage in their respective retail banks (Andaleeb et al., 2016).

Most importantly, this research plays a significant role in contributing to the online retail banking literature by investigating the nature of e-service quality, trust, technological adoption and customer’s patronage intention under the perspective of a least developing country. While the majority of previous research was focused on the traditional aspect of retail banking (Jamal and Naser, 2002; Erol and El-Bdour, 1989, Jamal and Naser, 2003), this study on the other hand, aims to investigate customer’s patronage intention via e-service quality, trust, and adoption of new technology in Bangladesh online retail banking services. The researchers also examine the mediation role of trust in between e-service quality and customer’s patronage intention along with analyzing the role of advanced technology adoption (by the customers) in between trust and customer’s patronage intention. The research, therefore, has emphasized the effects of both moderating and mediating variables to understand the customer’s patronage intentions from the perspective of online retail banking. It also anticipates improving the theoretical understanding and insight of the sophistication of e-service quality and its measurement on the online retail banking sector.

THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

The customs of interactions between firms and customers have been changing since the rise of internet-based services (Rowley, 2006). Adoption in E-service provides an interactive communication through online and also differentiates the service offerings that help to build firm’s competitive advantage
Adoption of Enterprise Resource Planning Software by Organizations in India: A Managerial Framework
www.igi-global.com/chapter/adoption-enterprise-resource-planning-software/25818?camid=4v1a

Can National Information Infrastructures Enhance Social Development in the Least Developed Countries? An Empirical Investigation
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